

## Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 ARA-10 IO-13 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02  
OMB-01 DOE-11 DOEE-00 SSO-00 /115 W  
-----003557 231951Z /42

P 231922Z FEB 78

FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 6370  
INFO AMEMBASSY GUATEMALA  
AMEMBASSY MANAGUA  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A

TAGS: MTN, ETRD, GT, ES, HO, CS, NU

SUBJECT: MTN: CONSULTATIONS WITH CENTRAL AMERICAN

- DELEGATIONS ON US OFFERS AND FUTURE WORK PROGRAM

REF: (A) STATE 024987; (B) STATE 031614

1. SUMMARY: IN CONTINUING DIALOGUE WITH GENEVA CENTRAL  
AMERICAN COMMON MARKET (CACM) REPRESENTATIVES, US MTN DEL  
MET WITH CACM REPRESENTATIVES TO EXPLAIN IMPORTANCE OF US  
MTN OFFERS TO CENTRAL AMERICAN COUNTRIES; TO SOLICIT ANY  
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ADDITIONAL REQUESTS ASAP, MARCH 1 IF POSSIBLE; AND TO  
INDICATE NEED FOR INDICATIONS OF POSSIBLE CACM CONTRI-  
BUTIONS BY APRIL. WHILE WELCOMING US OFFER, CACM REPRE-  
SENTATIVES EXPRESSED CONCERN WITH ABILITY TO MEET TIMING  
SCHEDULE, PARTICULARLY CONCERNING INDICATIONS OF POSSIBLE  
CONTRIBUTIONS TO MTN.

2. USMTN DEL (KNEPPER) MET WITH REPRESENTATIVES OF CACM COUNTRIES AND SIECA SECRETARIAT FRIDAY, FEBRUARY 17, TO EXPLAIN US OFFERS ON AGRICULTURE AND INDUSTRIAL TARIFFS AND NONTARIFF MEASURES (NTM'S). US DEL REVIEWED POINTS CONTAINED REFTELS, AND NOTED ADDITIONAL US OFFERS WOULD BE FORTHCOMING ON REQUESTS BY PRINCIPAL SUPPLIERS ON AGRICULTURAL ITEMS WHICH HAD BEEN RECEIVED TOO LATE FOR CONSIDERATION FOR INCLUSION IN OFFERS TABLED JANUARY 23. IN STRESSING BENEFITS OF BOUND MFN TARIFF REDUCTIONS THAT WERE BEING OFFERED FOR NEGOTIATION, AS OPPOSED TO UNILATERAL AND NOT SECURE GSP GRANTS, US DEL POINTED OUT THAT MFN TARIFF REDUCTIONS ALSO REDUCED IMPACT OF GSP COMPETITIVE NEED EXCLUSION OF MAJOR SUPPLIERS. (I.E. US HAD OFFERED TO NEGOTIATE MFN TARIFF REDUCTION ON TSUS 137.75, CHAYOTE, ON WHICH COSTA RICA IS ELIMINATED FROM RECEIVING GSP BY COMPETITIVE NEED LIMITATIONS.) DURING CONSULTATION, US DEL INDICATED -- INTER ALIA -- FOLLOWING PRODUCTS IN US OFFER IN WHICH CACM COUNTRIES HAD SIGNIFICANT TRADE INTERESTS: TSUS 602.10 AND 602.20 LEAD AND ZINC BEARING ORES; TSUS 152.72, BANANA & PLANTAIN PASTE; TSUS 170.40 FILLER TOBACCO; AND VARIOUS CLOTHING PRODUCTS. US DEL ALSO REFERRED TO US RESPONSES ON CACM NTM REQUESTS NOTING THAT MANY OF THESE REQUESTS NEED TO BE CLARIFIED IF FURTHER CONSIDERATION IS TO BE GIVEN THEM BY THE US.

3. US MTN DEL NOTED THAT IN ORDER FOR THE US TO IMPLEMENT LIMITED OFFICIAL USE

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CONCESSIONS ON PRODUCTS IN ITS OFFER, THE PRINCIPAL DC BENEFICIARIES OF THE US OFFER WILL NEED TO MAKE RECIPROCAL CONCESSIONS, WHILE PRINCIPAL LDC BENEFICIARIES WILL NEED TO MAKE SOME CONTRIBUTIONS TO TRADE LIBERALIZATION, CONSISTENT WITH THEIR DEVELOPMENT, FINANCIAL AND TRADE NEEDS. US MTN DEL NOTED US HAD INDICATED RANGE OF CONTRIBUTIONS IT WOULD FIND OF VALUE FROM CACM IN APRIL 1976 IN CONJUNCTION WITH ITS MARCH 1, 1976 OFFER IN THE MTN TROPICAL PRODUCTS NEGOTIATIONS. ONLY PRELIMINARY COMMENTS HAD BEEN RECEIVED FROM THE CENTRAL AMERICAN COUNTRIES DURING THE VISIT OF FORMER STR AMBASSADOR CLAYTON YEUTTER IN SAN JOSE, COSTA RICA IN SEPTEMBER 1976. IN ADDITION, US HAD INDICATED ITS INTERESTS ON AGRICULTURAL PRODUCTS AND NTM'S IN CENTRAL AMERICA ON NOVEMBER 1, 1977, AND HAD SUBMITTED A PRELIMINARY INDICATIVE LIST OF NON-AGRICULTURAL ITEMS ON WHICH IMPROVED MARKET ACCESS WOULD BE OF INTEREST TO THE US ON DECEMBER 16. THIS LIST OF NON-AGRICULTURAL INDUSTRIAL PRODUCTS WAS BEING FURTHER REFINED IN WASHINGTON, AND WOULD BE AVAILABLE IN THE NEAR FUTURE. WHILE US WAS OPEN IN THE NEGOTIATIONS ON SPECIFIC CACM CONTRIBUTIONS, US INDICATIONS OF ITS EXPORT INTERESTS DID PROVIDE A RANGE FOR POSSIBLE RESPONSES BY CACM.

4. US MTN DEL NOTED THAT ITS MARCH 1, 1976 TROPICAL PRODUCTS OFFER REMAINED ON THE TABLE AT PRESENT, AND THAT NEGOTIATIONS WERE UNDER WAY WITH SEVERAL COUNTRIES THAT COULD LEAD TO IMPLEMENTATION OF ADDITIONAL PARTS OF THE US TP OFFER. US MTN DEL REFERRED TO TROPICAL PRODUCTS AGREEMENT RECENTLY SIGNED WITH MEXICO, NOTING THAT IT INCLUDED A NUMBER OF PRODUCTS OF INTEREST TO CENTRAL AMERICA FOR WHICH MEXICO HAD "PAID" SUCH AS: TSUS 155.40, INEDIBLE MOLASSES; AND, ON SEASONAL BASIS, TSUS 148.12, CANTALOUPE AND TSUS 148.19, WATERMELONS.

5. CACM DISCUSSION WAS LED BY EL SALVADOR CHARGE, MONGE, ASSISTED BY SIECA REPRESENTATIVE BARAHONA, WHO WELCOMED

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US OFFERS AND WERE PREPARING AN EVALUATION TO SEND TO THEIR GOVERNMENTS. THEY ARE ALSO WORKING ON ADDITIONAL REQUESTS TO PRESENT TO US, HOPEFULLY WITHIN NEXT SEVERAL WEEKS, AND NOTED THEIR CONCERN WITH RELATIVELY SHORT TIME FRAME FOR THEIR CONSIDERATION. BARAHONA IS PLANNING TO ATTEND A MEETING IN GUATEMALA MARCH 13-17 TO DISCUSS THE MTN WITH REPRESENTATIVES FROM CACM COUNTRIES, AT WHICH US OFFER WOULD BE ANALYZED AND POSSIBLE CACM CONTRIBUTIONS TO THE MTN DISCUSSED.

6. AS A FIRST APPROXIMATION, CACM REPRESENTATIVES BELIEVED US WAS REQUESTING TOO MUCH IN COMPARISON WITH CACM INTERESTS IN THE US OFFER. THEY NOTED, HOWEVER, THAT EVENTUAL CONTRIBUTIONS TO THE MTN WOULD PROBABLY BE BASED ON WHAT EACH CACM COUNTRY OBTAINED FROM THE NEGOTIATIONS. SALVADOR DEL NOTED THAT PRINCIPAL CONCESSION OF TRADE VALUE TO SALVADOR IN US OFFER WAS LIMITED OFFICIAL USE

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TSUS 687.60.36 BIPOLAR TRANSISTORS, WHICH ARE MANUFACTURED IN SALVADOR BY US CORPORATION TEXAS INSTRUMENTS. CACM DELS NOTED DIFFICULTY AND TIME CONSUMING COORDINATION THAT WAS NECESSARY AMONG CACM COUNTRIES BEFORE AGREEMENT ON POSSIBLE CONTRIBUTIONS COULD BE REACHED. THEY ALSO NOTED THAT CACM WAS IN THE PROCESS OF REVISING ITS CXT, AND CUSTOMS PROCEDURES, AND THAT THIS WOULD INVOLVE PROLONGED NEGOTIATIONS AMONG CACM COUNTRIES, WHO WOULD BE RELUCTANT TO MAKE COMMITMENTS TO THIRD COUNTRIES BEFORE THE CACM NEGOTIATIONS WERE COMPLETED.

7. CACM REPRESENTATIVES NOTED THAT THE US HAD NOT MADE OFFERS ON A NUMBER OF AGRICULTURAL PRODUCTS OF INTEREST TO THEIR COUNTRIES, ALSO HAD INTERESTS IN A NUMBER OF PRODUCTS OF WHICH THEY WERE NOT LARGE SUPPLIERS TO THE US MARKET, AND WERE CONCERNED AS TO HOW THESE INTERESTS COULD BE TAKEN INTO ACCOUNT. THEY NOTED THAT ON A FEW PRODUCTS, CACM TAKEN AS A GROUP COULD BE CONSIDERED AS A FIRST SUPPLIER.

8. US MTN DEL STRESSED NEED FOR RAPID RESPONSE BY CACM DELS ON ANY ADDITIONAL REQUESTS BY MARCH 1 OR AS SOON THEREAFTER AS POSSIBLE. US MTN DEL NOTED THE POSSIBILITY THAT THE EXPORTS OF CACM ADP IUSUP COULD BE CONSIDERED IN ASSESSING CACM INTEREST ON THOSE PRODUCTS WHICH MORE THAN ONE COUNTRY EXPORTED. US MTN DEL EMPHASIZED THAT IT WAS IMPORTANT TO HAVE SOME INDICATIONS OF WHAT CONTRIBUTIONS CACM MIGHT MAKE TO THE TRADE NEGOTIATIONS BY MARCH OR EARLY APRIL AT THE LATEST. SUCH INDICATIONS OF SPECIFIC POSSIBLE CONTRIBUTIONS WERE NEEDED BY THEN IF THEY WERE TO HAVE MAXIMUM EFFECT IN INFLUENCING NEGOTIATIONS ON PRODUCTS OF INTEREST TO CACM.

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9. COMMENT: SIECA REPRESENTATIVE BARAHONA HAS TO DATE DONE ALMOST ALL OF THE PREPARATION FOR THE CENTRAL

AMERICAN COUNTRIES IN GENEVA, WITH THE APPARENT MINIMAL CONTRIBUTIONS FROM CACM DELEGATIONS. GIVEN LACK OF FULL RESPONSE TO US SUGGESTED CONTRIBUTIONS IN TROPICAL PRODUCTS NEGOTIATIONS, WHICH ACCORDING TO BARAHONA HAS BEEN PENDING IN SIECA FOR MANY MONTHS, THE OUTLOOK IS NOT BRIGHT FOR SUCCESSFUL SIECA COORDINATION. EL SALVADOR CHARGE MONGE HAS GENERALLY TENDED TO TAKE POLITICAL LINE OF NEED FOR DC'S TO RESPOND TO LDC REQUESTS WITHOUT LDC CONTRIBUTIONS. COSTA RICA CHARGE MORALES HAS BEEN HELPFUL AND INFORMED, AND AMB. DI MOTTOLA (RESIDENT IN ROME) HAS VISITED GENEVA FROM TIME TO TIME. HONDURAS AMBASSADOR COLLART HAS NOT AS YET PLAYED AN ACTIVE ROLE IN THE NEGOTIATIONS, BUT APPEARS TO BE PRAGMATIC. SINCE DEPARTURE OF GUATEMALAN CHARGE BETANCOURT, GUATEMALA REPS HAVE PLAYED LITTLE ROLE IN MTN. NICARAGUAN AMBASSADOR GASTON CAJINA WAS NOT ACTIVE IN MTN EVEN BEFORE RECENT DEVELOPMENTS IN NICARAGUA, WHICH HAVE RESULTED IN HIS PROLONGED ABSENCE FROM GENEVA, WHICH IS UNFORTUNATE AS NICARAGUA IS ONLY CACM COUNTRY THAT BELONGS TO GATT AND NICARAGUA IS FIRST SUPPLIER OF SEVERAL PRODUCTS IN US OFFER. US DEL WILL CONTINUE TO CONSULT CLOSELY BOTH BILATERALLY AND AS A GROUP WITH CACM DELS.

10. DRAFTED BY KNEPPER. CULBERT

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## Message Attributes

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**Channel Indicators:** n/a  
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